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Report of the Intersecretariat Working Group on Price Statistics

Note by the Secretary-General

In accordance with Economic and Social Council decision 2018/227 and past practices, the Secretary-General has the honour to transmit the report of the Intersecretariat Working Group on Price Statistics, which is being submitted to the Statistical Commission for discussion. In the report, the Working Group outlines the latest developments and activities in the area of price statistics, in particular progress with regard to updating the Consumer Price Index Manual. The Commission is invited to comment on the progress made to date, to note that a global consultation on the Manual will be held in the first half of 2019 and to encourage national price compilers to give a timely response to the consultation.

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I. Introduction

1. The Intersecretariat Working Group on Price Statistics was established in 1998 to develop international standards and recommendations on price statistics, to document best practice guidelines and support their implementation and to coordinate the work of international organizations in the area of price statistics. The members of the Working Group comprise Eurostat, the International Labour Organization (ILO), the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), the Economic Commission for Europe (ECE) and the World Bank. The World Bank currently holds the Chair.

2. The present report presents an overview of the main developments in price statistics since the previous report of the Working Group to the Statistical Commission in 2018. Section II of the report contains the main developments in international standards and methodological guidance; Section III covers issues related to the international collection of price data; and Section IV contains information on recent meetings and conferences.

II. International standards and methodological guidance

A. Update of the Consumer Price Index Manual

3. In 2015, the Working Group established a technical expert group to update the 2004 Consumer Price Index Manual: Theory and Practice.[1] The objectives of the update are: (a) to reflect the developments in methods and practices in consumer price index compilation and in data sources; (b) to provide clearer and more prescriptive recommendations and guidance where possible; (c) to meet developments in user needs; and (d) to harmonize consumer price index concepts with the 2008 System of National Accounts. The technical expert group is led by IMF and includes international experts and compilers from national statistical offices. This update is being carried out under the auspices of the Working Group, which is responsible for the final approval of the update.

4. It was agreed that two separate publications would be prepared: the first, entitled "Consumer Price Index Manual: Concepts and Methods", would focus on issues relating to the compilation of consumer price indices; while the second, entitled "Consumer Price Index Theory", would review the theoretical foundations of consumer price indices.

5. With regard to the first publication, all chapters on the methods of consumer price index compilation have been drafted, peer reviewed and made available for additional review and comment by compilers and users on a website hosted by IMF. Commentators' remarks have been incorporated, and it was widely noted that the updated Manual provides clearer, more practical advice than it had previously. The Manual also recognizes the onset of digitization, such as the growing use of scanner data, web scraping, Internet pricing, web-based outlets and new digital economy service providers. Those innovations, together with new data sources and the role of consumer price indices in measuring well-being, form part of a proposed research agenda. At a meeting in Paris in October 2018, the Intersecretariat Working Group on Price Statistics reviewed all the chapters. Then, during a follow-up conference call meeting held in November 2018, it discussed progress and a timetable. The technical expert group is currently incorporating relevant feedback and inputs into the chapters.

[1] International Labour Office (ILO) and others, *Consumer Price Index Manual: Theory and Practice* (Geneva, ILO, 2004).

6. A formal consultation of Member States will be conducted in the first half of 2019. The Statistical Commission will be invited to endorse the updated Manual as an international statistical standard at its fifty-first session.

7. The Manual will be made available in digital format from the IMF website. In addition, hard copies will be distributed to all national statistical offices and made available to key users, such as central banks, upon request.

8. With regard to the second publication on consumer price index theory, the chapters are being updated as needed and peer reviewed. The publication will be made available in digital format only, from the IMF website.

B. Guidance on commercial property price indices

9. Following the example of the Handbook on Residential Property Price Indices,[2] and against the backdrop of the Group of 20 Data Gaps Initiative (see sect. III. E. below), work on conceptual and practical guidance on the compilation of commercial property price indices started in 2013. Such indices are new and challenging and raise a number of particularly difficult issues. Under the aegis of the member organizations of the Intersecretariat Working Group on Price Statistics, Eurostat took the lead in coordinating the drafting of a guidance document by a team of experts. IMF, OECD and the European Central Bank also contributed.

10. The resulting document, entitled "Commercial Property Price Indices: sources, methods and issues",[3] provides the groundwork for a future handbook on commercial property price indices. It sets out a conceptual framework for the compilation of such indices and presents the main methods and possible data sources, as well as the arising challenges. In addition, an overview of commercial property price indices and related indicators presently available in a number of countries is provided.

11. After extensive editing by IMF and feedback from the Intersecretariat Working Group on Price Statistics, the document was published by Eurostat in December 2017.

C. Update of the Classification of Individual Consumption According to Purpose

12. A new version of the Classification of Individual Consumption According to Purpose was adopted by the Statistical Commission in 2018. The revision process was carried out under the auspices of the Commission by the Expert Group on International Statistical Classifications and its technical subgroup for the revision of the Classification of Individual Consumption According to Purpose. The Intersecretariat Working Group on Price Statistics contributed to the work of the technical subgroup, either directly or via representatives of the various international organizations involved. The Working Group will discuss and follow up on issues in relation to the implementation of the 2018 Classification of Individual Consumption According to Purpose for compiling price statistics.

[2] Eurostat and others, *Handbook on Residential Property Price Indices* (Luxembourg, 2013).

[3] Available at https://ec.europa.eu/eurostat/documents/7870049/8545612/KS-FT-16-001-EN-N.pdf/9e1bbc9b-8c6f-44a9-b686-1083a7a85a0f.

III. International collection of price data

A. Consumer price indices

13. Under a joint project of IMF and OECD, detailed data on consumer price indices and associated weightings for each of the 12 divisions of the Classification of Individual Consumption According to Purpose for the series on national consumer price indices and on harmonized index of consumer prices are collected monthly and are available on the websites of IMF[4] and OECD.[5] Data are currently available for more than 150 countries, and efforts are ongoing to expand the coverage. Improvements will also continue to be made to the dissemination of those data. The combined IMF-OECD effort will allow for the sharing of consumer price index data among international organizations and will ease the response burden on national statistical offices and central banks.

B. Residential property prices

14. The Bank of International Settlements and OECD have lengthy experience in collecting and disseminating data on residential property prices, sourced from official statistics or from private producers. The above-mentioned Handbook on Residential Property Price Indices has given momentum to the development of residential property price indices, as part of the work package of official statistics. Official data are now being published by Eurostat[6] on the basis of a regulation that is binding for all European Union member States and, combined with their previous dissemination practices, the Bank of International Settlements[7] and OECD.[8] To further align the collection and dissemination practices of international organizations on residential property prices, a working group on house prices has been formed under the umbrella of the Group of 20 Inter-Agency Group on Economic and Financial Statistics (see below). That working group, whose membership consists of representatives from the Bank of International Settlements, the European Central Bank, Eurostat, IMF, OECD and the World Bank, closely coordinates its activities with the Intersecretariat Working Group on Price Statistics. One of the main outcomes of the working group was the development of a concrete template for the compilation of internationally comparable data on residential property price indices and related housing indicators. Under the guidance of the Inter-Agency Group, that template was endorsed at the Group of 20 thematic workshop on residential property price indices and commercial property price indices, held in Argentina in January 2018. The collection of national data according to the agreed template began in 2018 for European Union countries, OECD member States and Group of 20 countries, with the aim of expanding the coverage of countries and indicators.

C. International Comparison Programme

15. At its forty-seventh session, the Statistical Commission instituted the International Comparison Programme as a permanent element of the global statistical

[4] See http://data.imf.org/CPI.

[5] See https://stats.oecd.org/Index.aspx?DataSetCode=PRICES_CPI.

[6] See https://ec.europa.eu/eurostat/web/housing-price-statistics/data/database.

[7] See www.bis.org/statistics/pp.htm.

[8] See http://stats.oecd.org/Index.aspx?DataSetCode=RPPI_TARGET (residential property price indices – headline indicators); http://stats.oecd.org/Index.aspx?DataSetCode=RPPI (residential property price indices – complete database); and http://stats.oecd.org/Index.aspx?DataSetCode=HOUSE_PRICES (analytical house price indicators).

programme, to be conducted on a three-year cycle. The most recent data on purchasing power parities published by the Programme are benchmarked to reference year 2011. New data are currently being collected during a three-year span (2016–2018), with a mid-cycle reference year of 2017, and results are due to be published by the end of 2019. An exercise is also under way to estimate a purchasing power parities time series to bridge the results of reference years 2011 and 2017. The next three-year Programme cycle for reference year 2020 will be launched in 2019.

16. Concurrent with the implementation of the 2017 cycle, various research, knowledge and advocacy activities have been carried out. First, a research agenda[9] has been established to guide the future of the International Comparison Programme, and Technical task forces have been established to undertake research into several topics, under the guidance and supervision of the Programme's Technical Advisory Group. Second, a purchasing power parities eLearning course entitled "Fundamentals of Purchasing Power Parities"[10] was created in 2018, and a new Programme blog series has been introduced under the World Bank's Data Blog portal to increase knowledge and understanding of the programme and its data. Third, a new Programme website was launched as a part of continuous efforts to advocate the use of purchasing power parities. Furthermore, various high-level events were held in 2018 to celebrate the programme's fiftieth anniversary, aimed at increasing the visibility and awareness of the Programme. The World Bank's report to the Commission at its fiftieth session, available on its website, provides a comprehensive overview of the programme and related activities.

D. Statistical Data and Metadata Exchange

17. The exchange of price data using the Statistical Data and Metadata Exchange format has been initiated by a technical group consisting of members from Eurostat, ILO, the Bank of International Settlements, OECD, the European Central Bank and IMF, under the umbrella of the Ownership Group for Macroeconomic Statistics. Work on global data structure definitions for consumer price indices (national consumer price indices plus the European harmonized index of consumer prices) was initiated, with a first version released in May 2018.[11] Work on other subdomains will follow, including producer price index, import and export price index, residential property price index and indicators, and commercial property price index and indicators. The Ownership Group was due to discuss next steps in price statistics late in 2018.

E. Group of 20 Data Gaps Initiative

18. The Group of 20 Data Gaps Initiative consists of 20 recommendations to improve statistics in response to the economic and financial crisis. The initiative, governed by the Inter-Agency Group on Economic and Financial Statistics, has recently moved into its second phase. Among the recommendations, two are directly related to price statistics. Under recommendation II.17, on residential property prices, the goal for Group of 20 economies is to publish residential property price indices consistent with the Handbook on Residential Property Price Indices and to supply such data to the relevant international organizations, including the Bank of International Settlements, Eurostat, and OECD. The goal for the Inter-Agency Group, in collaboration with the Intersecretariat Working Group on Price Statistics, is to work

[9] International Comparison Programme, "Research agenda for the 2017 cycle and beyond", May 2017. Available at www.worldbank.org/en/programs/icp#7.

[10] See www.worldbank.org/en/programs/icp/brief/e-learning.

[11] See https://sdmx.org/?page_id=1498 SDMX (CPI).

on a set of common headline residential property price indices, to encourage the production of long time series, to develop a list of other housing-related indicators and to disseminate the headline residential property price data via the Principle Global Indicators website. Under recommendation II.18, on commercial property prices, the objective is for the Inter-Agency Group, in collaboration with the Intersecretariat Working Group on Price Statistics, to enhance the methodological guidance on the compilation of commercial property price indices and to encourage the dissemination of data on commercial property prices via the website of the Bank of International Settlements. The Inter-Agency Group closely cooperates with the Working Group in moving forward on the recommendations.

19. In order to achieve the above objectives, the Working Group on House Prices, in cooperation and consultation with the Intersecretariat Working Group on Price Statistics, has developed and endorsed the above-mentioned template for the compilation of internationally comparable data on residential property price indices and related housing indicators. The template is organized around five topics: residential property price indices; other housing price statistics; residential property markets; housing structural indicators; and construction. It aims at a better understanding of the housing market situation in individual countries.

20. In the context of the Group of 20 Data Gaps Initiative, OECD calculates and publishes a Group of 20 aggregate for consumer price indices on a monthly basis,[12] in addition to a Group of 20 aggregate for economic growth on a quarterly basis.

IV. Meetings and conferences

A. Workshop on residential and commercial property price indices

21. The Group of 20 thematic workshop on residential and commercial property price indices was held in January 2018. The workshop, which was part of the 2018 work programme of the Group of 20 Data Gaps Initiative, focused on the implementation of the two recommendations of the Initiative on the compilation of real estate price statistics (see above). As Argentina held the Group of 20 Presidency in 2018, the event was hosted by the Instituto Nacional de Estadística y Censos de la República Argentina, in Buenos Aires. The workshop was organized jointly by the Bank for International Settlements, Eurostat, IMF and OECD, and was attended by around 80 officials.

22. Workshop participants exchanged views on compilation practices and the use of the residential and commercial property prices for policy purposes, as well as on country-specific challenges. To advance the work, participants agreed to be pragmatic, data-oriented and take account of available private source data. Representatives from several countries shared their experiences with digitization and the use of big data to compile real estate price statistics.

B. International Conference on Real Estate Statistics

23. The International Conference on Real Estate Statistics,[13] organized by Eurostat in close cooperation with the European Central Bank, was scheduled to be held in February 2019 in Luxembourg. The aim was to bring together high-level experts from the statistical community and important stakeholders and address a broad range of conceptual and practical issues relating to residential and commercial real estate

[12] See https://stats.oecd.org/Index.aspx?DataSetCode=G20_PRICES.

[13] See www.ecb.europa.eu/stats/ecb_statistics/real_estate_statistics/html/index.en.html.

statistics, in particular data sources for commercial real estate statistics, the conceptual framework for commercial real estate indicators and recent developments in residential real estate measurement.

24. A Group of 20 workshop on commercial property price indices, held in conjunction with the conference, would provide a platform to discuss the remaining obstacles that stand in the way of achieving the above-mentioned target of recommendation II.18, and the reporting, in the absence of officially compiled commercial property price indices, of related indicators either privately or officially compiled.

C. Eurostat task force on commercial real estate indicators

25. The Eurostat task force on commercial real estate indicators was set up in 2018 to explore the further development of commercial real estate prices and associated indicators. It provides a forum for the exchange of experiences with pilot projects, with a focus on data sources such as valuation data, administrative or survey data and private data sources. The pilot projects in Member States are key to capacity-building in terms of methodological and conceptual issues and the exploration of relevant data sources. The task force should provide input into the further development of long-term solutions for data collection on commercial real estate.

26. The participants of the task force are experts with relevant experience and skills in this field from European Union member States' national statistical institutes and national central banks, as well as from the European Central Bank, Eurostat (Chair), IMF, the Bank of International Settlements and OECD.

D. Group of Experts on Consumer Price Indices

27. The meetings of the Group of Experts on Consumer Price Indices are organized every second year by ECE in cooperation with ILO. The Group supports the development of internationally agreed standards and methods in the field of consumer price indices and provides recommendations on good practices that can be implemented by statistical offices. The meetings are organized under the aegis of the Conference of European Statisticians and are attended by price statisticians from countries that are members of the Conference, while an increasing number of statisticians from African, Asian and South American countries also participate. Experts from international organizations and researchers specializing in index numbers also attend.

28. The 2018 meeting of the Group of Experts on Consumer Price Indices was held in May 2018 in Geneva, hosted by ECE. The 150 participants discussed four substantive topics: new data sources; services in the consumer price indices; methodological issues; and understanding and meeting different user needs. During poster sessions, countries and organizations presented their practical experiences in areas such as big data and web scraping, the use of scanner data, integration of different data sources, adjustment for quality changes, sampling and open source survey apps for price collection. To mark the fortieth anniversary of the Group of Experts, a panel session was organized to discuss future challenges in the compilation of consumer price indices. The panel identified five key methodological issues that should be addressed: the use of scanner data and big data; seasonal products; durable goods; financial services; and goods and services provided for free. A special session was organized for the countries of Eastern Europe, Caucasus and Central Asia and other interested countries to discuss methodological and practical problems particular

to that group of countries. The proceedings of the meeting are available from the ECE website.[14]

29. The next meeting of the Group of Experts on Consumer Price Indices is proposed for 2020 and will discuss the following topics: new data sources; the digital and sharing economy; measuring welfare and well-being; quality adjustment and other methodological issues; and understanding and meeting user needs.

E. Ottawa Group on Price Indices

30. The Ottawa Group on Price Indices focuses on applied research, particularly (though not exclusively) on consumer price indices. The Group examines advantages and disadvantages of various concepts, methods and procedures in the context of realistic operational environments. Participants are specialists and practitioners from national statistical offices and international organizations. The Ottawa Group meets every second year, alternating with the biennial meetings of the Group of Experts on Consumer Price Indices. The proceedings of the meetings are available from the Ottawa Group's website.[15] The Ottawa Group, being a city group of the United Nations, reports separately to the Statistical Commission. More details of the Group's work are available in its report to the Statistical Commission at its fiftieth session, available on the Commission's website.

V. Conclusion

31. **The Intersecretariat Working Group on Price Statistics requests the Statistical Commission:**

(a) **To take note of the progress made by the Intersecretariat Working Group on Price Statistics;**

(b) **To urge Member States to provide timely input into the global consultation on the updated Consumer Price Index Manual in 2019;**

(c) **To request the Working Group submit to it the updated Consumer Price Index Manual for its endorsement at its fifty-first session.**

[14] See www.unece.org/index.php?id=46772.

[15] See www.ottawagroup.org.